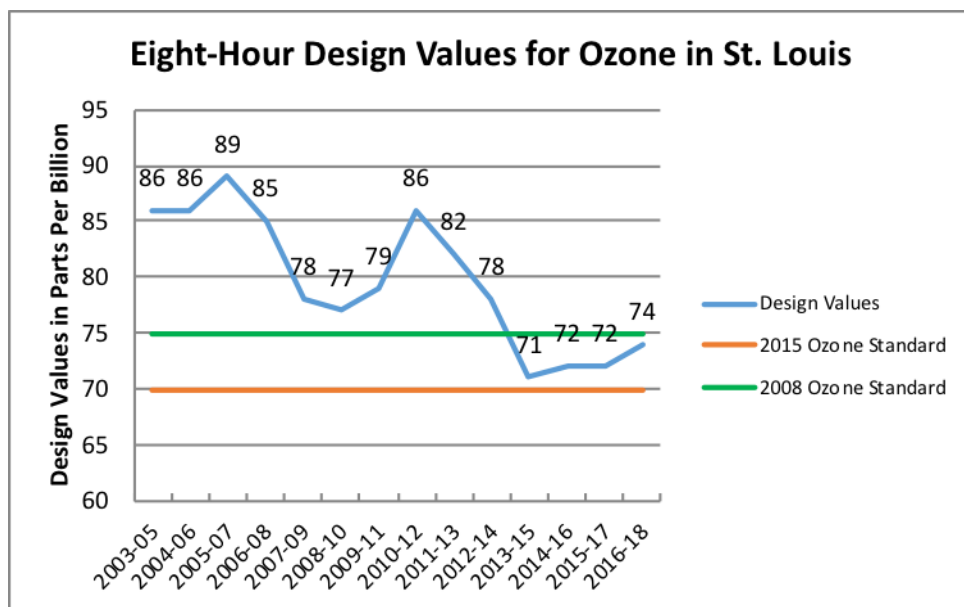


## Introduction

Pursuant to RSMo. 643.337.2, the Missouri Department of Natural Resources and the Missouri State Highway Patrol (MSHP) are issuing a joint annual report to the General Assembly on the status of the oversight measures implemented for the decentralized inspection/maintenance program – the Gateway Vehicle Inspection Program (GVIP). This report summarizes GVIP compliance and incidents of fraud discovered during the 2018 Fiscal Year (July 1, 2017-June 30, 2018). This report also provides our joint recommendations to improve oversight measures for GVIP. Additional reports related to GVIP may be found at: <https://dnr.mo.gov/gatewayvip/AnnualReports.htm>.



## Background

GVIP is a federally required air pollution control strategy in the current and previous St. Louis ozone nonattainment areas, which consist of Franklin, Jefferson, St. Charles, and St. Louis counties, and the City of St. Louis.

Since the 1980s, the Department has overseen an inspection/maintenance program for vehicles located in the St. Louis area.

The Missouri Air Conservation Commission promulgated 10 CSR 10-5.381, “*On-Board Diagnostics Motor Vehicle Emissions Inspections*,” effective August 30, 2007. This rule establishes state regulations that the Department and MSHP currently use to oversee and enforce the emissions testing requirements of GVIP. The Department is the lead agency for emissions inspections, and the MSHP is the lead agency for safety inspections. Worldwide Environmental Products, Inc. (WEP) has held the GVIP contract for the State of Missouri since June 12, 2017.

## Station Licensing

As of June 2018, Missouri had 843 public and 24 private or government owned active licensed GVIP stations and 4,986 active licensed inspector/mechanics. A current directory of licensed GVIP stations is available at: <http://www.missourigvip.com/Stations>.

## Vehicle Inspection Data

Each licensed GVIP station performs vehicle inspections using a Missouri Decentralized Analyzer System (analyzer system). This system sends real-time inspection information from inspection stations directly to the GVIP Vehicle Inspection Database (VID). The Department, MSHP, Department of Revenue (DOR) and DOR contract license offices have access to the database through secure Internet connections. During the 2018 Fiscal Year (FY2018), GVIP stations conducted 853,762 initial emissions inspections.

The goal of GVIP is to identify and correct vehicle emission related problems. Only 19,701 vehicles in FY2018 failed their initial emissions test. This yields an initial compliance rate of 97.7%. Of the 853,762 vehicles that completed initial emissions inspections, 847,716 eventually passed, resulting in a final compliance rate of 99.3%.

### *Emissions Waivers and Exemptions*

10 CSR 10-5.381(3)(K) enables the Department to issue waivers and exemptions from GVIP requirements. Just like inspection results, waivers and exemptions issued by the Department are available for real time verification by DOR, DOR contract license offices, and the DOR plate renewal website via the VID.

- *Cost-Based Waivers* – granted by the Department if motorists spend a specified amount on emissions-related repairs after the vehicle fails an initial emissions inspection and still are unable to pass the emissions test. During FY2018, the Department received 909 repair and estimate of repair waiver requests. Staff issued 173 cost-based repair related waivers and issued 65 denials or close-outs due to inadequate repairs or responses. Staff issued 240 estimate-based waivers, which provide motorists two years to bring their vehicle into emissions compliance. The Department denied or closed out another 50 requests. In addition, 17 vehicles passed a post-waiver application emissions inspection after owners were told by the Department that a retest was required as part of the waiver process. Staff also investigated and approved 315 ‘Technical Waivers’ for vehicles unable to pass the emissions inspection due to inspection software issues.
- *Out-of-Area Waivers* – granted by the Department for vehicles that are registered within the ozone nonattainment area that are driven exclusively outside the area during the 24-month registration period. During FY2018 the Department received 470 applications. The Department issued 308 Out-of-Area waivers, primarily for businesses such as AT&T and Spire. In addition, the Department issued 113 Out-of-Area waivers to charitable organizations with offices located in other areas of the state, and to individual motorists. Of the 470 Out-of-Area requests, 49 applications were either denied by the Department or determined unnecessary.

- *Reciprocity Waivers* – granted by the Department for vehicles registered within the ozone nonattainment area but are located in another state. These vehicles have to pass an equivalent emission inspection in that state. During FY2018, the Department issued 15 reciprocity waivers.
- *Mileage-Based Exemptions* – granted by the Department for vehicles with documented odometer readings to meet one of the two mileage waiver criteria, as specified in the rule. During FY2018, the Department received 2,111 applications, 690 of which came from motorists who visited the Department’s St. Louis Regional Office. Department staff issued 1,935 Mileage-Based exemptions. Of these applications, Department staff denied 46 applications and deemed 27 unnecessary for various reasons (e.g. such as already passing an emissions test).

## **Data Oversight Methods**

### *Real Time Inspection Data/Paperless Inspection Verification*

Analyzer systems connect to the GVIP VID using an Internet connection. The system’s software uploads inspection data to the database, and the data becomes immediately available for inspection verification. Entities that use the VID for inspection verification include the Department, MSHP, WEP, DOR, DOR contract license offices, and the DOR plate renewal website. This allows license offices to quickly identify fraudulent vehicle inspection reports, deny vehicle registrations, and report issues of concern so that investigations can begin immediately. These investigations entail some, if not all, of the following: determining the source of the fraudulent inspection reports, mandating legitimate inspections for the vehicles, and prosecuting parties in criminal court.

### *Bulletin Messaging and Documents Menu*

Each analyzer system contains a messaging program that allows the Department, MSHP, and WEP to contact GVIP stations, individually or collectively, to inform inspectors and mechanics about inspection procedures, billing reminders, and software updates. WEP is working to equip each analyzer system with a “Document” menu, which will store and print GVIP regulations and fact sheets, as well as forms for comments, waivers, and exemptions. This will simplify the distribution of public information to inspection stations and to vehicle owners.

### *Technical Service Centers for Consumer Protection*

Cost-based waivers allow a vehicle to be registered and operate for up to two years following a failed emissions inspection after receiving qualifying repairs. Therefore, the Department strives to ensure repairs made to vehicles receiving a cost-based waiver are appropriate and beneficial. Through negotiated contracts, the Department retains the services of approximately 13 vehicle repair facilities to serve as Technical Service Centers. These Technical Service Centers employ Missouri Recognized Repair Technicians who are certified by the National Institute for Automotive Service Excellence in specific areas, specializing in diagnosing the cause of a failing emissions test.

These Technical Service Centers:

- Diagnose readiness monitor issues with specific makes and models. This helps identify vehicles requiring special testing circumstances and smooths the path for future testing.

- Diagnose vehicles that received repairs, but show no signs of improvement.
- Review emission related repair work performed on vehicles at other shops and examine receipts to determine if repairs performed were necessary and performed as billed.
- Provide motorists with accurate diagnostic information on how best to repair their vehicle to pass an emissions test.

The Department can deny cost-based waiver requests if reviews show repairs were not appropriate for correcting the emissions failure. Many times the Department works with shops that performed the initial repairs to reimburse the motorist or provide additional free repairs. Using Technical Service Centers reduces the number of cost-based waivers, thereby minimizing emissions from waived vehicles while also maximizing the number of fully repaired vehicles.

During FY2018, the Department authorized the review of 11 vehicles by one of these centers.

## **Equipment Oversight Methods and Tools**

### *Laptop Audit Computers with Wireless Internet Access*

Department and MSHP auditors use laptop computers installed with both analyzer system software and customized auditing software. These allow auditors to securely access the VID and conduct audits with Internet access while in the field. Department and MSHP auditors can review inspection records for all stations and inspector/mechanics while in the field. Once the auditors complete an audit, staff managers can immediately review audit results and generate summary audit reports from the inspection database. This allows for a quicker Department response when identifying fraudulent inspections and procedures.

### *Digital Cameras*

Each inspection system includes a digital camera. The analyzer system's software requires licensed inspector/mechanics to photograph the rear license plate, the dashboard vehicle identification number, and the odometer. The inspector/mechanics attach these photographs to the vehicle inspection reports on the VID where they are available for review and comparison to previous inspection reports. Using the VID, the Department and MSHP are then able to identify inspector/mechanics taking improper or no photos prior to inspections.

### *Fingerprint Readers*

Each inspection system includes a digital biometric fingerprint reader. The software requires licensed inspector/mechanics to be verified as licensed to perform a GVIP inspection by scanning one finger before beginning each inspection. Fingerprint readers in combination with the trigger reports described below have dramatically improved enforcement efficiency by documenting and pinpointing inspector/mechanics conducting inspections improperly or illegally.

## **Enforcement**

### *Station Audits*

The Department and MSHP conduct overt and covert audits of GVIP stations. During covert audits, the Department uses a fleet of five vehicles with altered emissions control systems set to

fail. These vehicles help the Department assess the effectiveness of emission tests and assess the potential for fraud at test stations. MSHP also has a vehicle with defects to evaluate safety inspections at stations. During FY2018, the Department conducted 859 overt analyzer and inspector audits. Additionally, the Department conducted 68 covert vehicle inspections and 450 data audits of GVIP stations. MSHP conducted approximately 2,927 overt audits and 40 covert audits.

#### *Trigger Reports*

Once uploaded to the inspection database, inspection data becomes available to the Department, MSHP, DOR and WEP via an Internet-based reporting software suite.

The Department and MSHP are working with WEP to create trigger reports. “Trigger reports” identify patterns in emissions or safety inspections that indicate deviations from state regulations. The trigger reports will provide evidence used to initiate an investigation and will be extremely effective in identifying fraudulent inspections.

#### *Clean Scanning*

Fraudulent inspection activities, such as clean scanning, the illegal act of connecting an analyzer system cable to a different vehicle than the one identified on the inspection report in order to bypass the required test, violate the Clean Air Act. Fraudulent inspections are prosecutable by the U.S. Attorney’s Office. The Department and MSHP collaborate with the criminal investigation division of the U.S. Environmental Protection Agency’s (EPA) and the U.S. Attorney’s Office on investigations of vehicle inspection fraud and inspection document falsification.

The Department did not finalize any enforcement cases with monetary penalties during this reporting period.

#### *Equipment Lockouts and License Suspensions/Revocations*

The MSHP and WEP have the ability to apply an electronic “lockout,” which prevents an individual inspector/mechanic or a GVIP station from using their analyzer system(s). Lockouts can be implemented for a variety of reasons. Common reasons for lockouts include completing an inspection without photos, performing excessive offline testing, failing an audit, using unauthorized equipment, or for lack of payment. During FY2018, the MSHP and WEP initiated 18 lockouts. The removal of a lockout occurs upon the completion of the license suspension or the correction of the violation.

The Department and MSHP continuously investigate additional GVIP stations and inspector/mechanics for improper inspection activities.

### **Oversight Results**

GVIP prevents registration fraud by investigating and identifying individuals producing fraudulent inspection reports. When implemented in 2007, GVIP introduced an improved auditing system, streamlining the Department and MSHP oversight of safety inspections and testing of emissions-control systems. These oversight methods empower the Department and MSHP to produce cost-effective audits, detect fraud, and enforce state regulations regarding safety inspections and emissions testing.

## **Recommendations for the Future**

The Department and MSHP continually strive to improve our ability to detect fraud and ensure accuracy of data. The Department continues to move forward by identifying areas of possible improvement to the GVIP, including:

- Continue evaluating the ability for GVIP inspection facilities to provide mileage-based exemptions through the WEP inspection equipment and software at the station prior to an emission inspection occurring. This process would use both inspector entered data and data already in the inspection system to verify statutory limits.
- Continue efforts to seek and prevent fraudulent inspection procedures and clean scanning. With ongoing improvements to the reporting system, and varied covert audit techniques, both the Department and MSHP will continue to improve our ability to identify improperly conducted inspections.
- Continue working with DOR to improve the registration process through identifying and preventing invalid registration obtained with counterfeit inspection reports, ensuring individual licensing offices conduct proper verifications, minimizing problems or confusion with registration of vehicles that are exempted from safety and/or emissions inspections, minimizing issues associated with online registrations, and providing additional information regarding exemptions.
- Continue efforts to coordinate with DOR and the Missouri Attorney General's Office Consumer Protection Division to bring enforcement action against used car dealers who fail to meet the requirements of RSMo. 643.315.4.

## **Conclusion**

The Department and MSHP oversight has elevated GVIP to stand among the top vehicle inspection programs in the country. Thanks to GVIP and other efforts to control air pollution in the St. Louis area, design values for ozone continue to be at historic lows. In an effort to achieve higher compliance levels, the Department and the MSHP will continue working with WEP to refine the oversight tools needed to identify vehicle tampering or inspection violations and as a means to continue to improve enforcement capabilities. Both agencies will continue to ensure compliance with state statutes and rules, remove violators from the program, and work for the public health and safety by overseeing an inspection program that has proven value and integrity.

As with all regulatory requirements, and considering the great strides in air quality in St. Louis, the Department is evaluating the ongoing necessity of the GVIP. The Department is working with EPA to determine the opportunity to streamline the requirements in the future.